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BILL TEXT AND BACKGROUND FOR THE WEEK OF SEPTEMBER 13, 2010

- [H.R. 4785 – Rural Energy Savings Program Act](#)

H.R. 4785 – RURAL ENERGY SAVINGS PROGRAM ACT (*Rep. Clyburn – Agriculture/Energy and Commerce*) (*Subject to a Rule*)

Bill Text: [HTML](#), [PDF](#)

[Bill Summary and Status](#)

Rules Committee Meeting: Meeting Time: 4:00 pm on Wednesday 9/15, [Amendment Deadline: 5:00 pm on Tuesday 9/14, Text of the Amendment in a Nature of a Substitute \(for the purpose of drafting amendments\)](#)

Committees: [House Committee on Agriculture](#), [House Committee on Energy and Commerce](#)

Committee Staff Contacts: Agriculture: 5-2171, Energy and Commerce: 5-2927

BILL SUMMARY & KEY ISSUES:

SUMMARY OF H.R. 4785 – RURAL ENERGY SAVINGS PROGRAM ACT

I. RURAL STAR

Individual co-ops or state-based groups of co-ops will apply to the Rural Utilities Service (RUS) of the U.S. Department of Agriculture (USDA), to borrow money to fund local energy efficiency programs that meet RUS energy savings standards. Co-ops will use the money to make low-interest loans to consumers that sign up for the voluntary program.

Loans would be made for energy efficiency upgrades with a 10-year payback, and repaid on the consumer's utility bill. Participating consumers repay the co-ops for the installation and material costs through a charge on their utility bills with the energy savings from the upgrade covering most, if not all, of the cost of the loan. After the loan is repaid, consumers will save hundreds of dollars annually.

The risk of the program is borne entirely by the participating co-op, which advances funding for each project and is then reimbursed through a USDA Rural Utilities Service loan.

Rural Star Utilizes the System of the National Rural Electric Cooperative Association

- The legislation allows rural electric co-ops to receive zero interest loans from the Department of Agriculture's Rural Utility Service (RUS). The co-ops must use the loan funds to make low-interest loans to qualified consumers for the purpose of implementing energy efficiency or farm efficiency measures on the consumers' property.
- Loans to qualified consumers are not to exceed 3 percent interest. Qualified consumers are to repay the loans through charges added to their electric bill.

Rural Star Creates and Saves Jobs

- Rural customers are facing increasing costs for electric power. Rural electric co-ops are facing a growing demand for electric power at a time when they are constrained from building new generation capacity.
- By providing loans to qualified consumers to implement energy efficiency measures or farm efficiency measures, the legislation will achieve significant reductions in energy costs, energy consumption as well as creating and saving jobs.

Rural Star Builds on Existing Programs

- Eligible entities that have already established energy efficiency programs for qualified consumers are allowed to use their existing list of energy efficiency measures or farm efficiency measures, implementation plans, or measurement or verification systems, if the Secretary of Agriculture determines that the list, plan, or system is consistent with the purposes of the legislation.

Rural Star Funds Credible Projects

- To receive a loan, an energy audit must be conducted on the qualified consumers' property to determine the impact of the proposed energy efficiency measures will have on the energy costs and energy consumption of the qualified consumer.

Rural Star Assists with Initial Start-Up Costs

- Eligible entities can request a special advance to assist them in defraying initial start-up costs of a project. Special advances are to be no greater than 4 percent of the loan amount the eligible entity receives.

II. HOME STAR ENERGY EFFICIENCY LOAN PROGRAM

The substitute for H.R. 4785, the "Rural Energy Savings Program Act," includes the Home Star energy efficiency loan program that was reported by the Energy and Commerce Committee on April 15, 2010, as part of H.R. 5019, the "Home Star Energy Retrofit Act of 2010."

H.R. 5019 was approved by the Committee with a bipartisan vote of 30 to 17. It was supported by a broad array of stakeholders, including energy efficiency advocates, manufacturers, small businesses, business and industry trade associations and small businesses.

The Home Star Energy Efficiency Loan Program is a natural companion to the Rural Energy Savings Act. The Rural Energy Savings Act authorizes zero-interest loans to rural electric cooperatives for purposes of offering consumers loans for energy efficiency home retrofits. The Home Star Energy Efficiency Loan Program authorizes zero-interest loans to those portions of the country not served by rural electric cooperatives.

Under the Home Star loan program, the States would borrow federal funds to allow entities like electric utilities or other entities capable of administering a loan program to provide loans to consumers for residential energy efficiency measures. The Department of Energy, in consultation with the Secretary of Agriculture, identifies those energy efficiency measures that will save consumers money over time.

The recession has had a significant impact on the home construction and services industry, which have experienced unemployment rates of 27%. Additionally, manufacturing plants that produce construction-related products have operated at 50% of capacity. Home energy retrofit work can provide significant employment opportunities for construction workers while boosting domestic manufacturing.

It is estimated that more than 92% of the energy efficient products and materials for which the Home Star program will stimulate sales are manufactured in the United States.

Home energy efficiency retrofits can also cut the nation's energy use – savings consumers money and cutting pollution. American homes account for about 33% of the nation's total electricity demand and approximately 22% of all energy use in the United States.

House Report 111-:

(TBA)

Full House Committee on Agriculture Markup:

[Markup of H.R. 4785: Rural Energy Savings Program Act, July 14, 2010](#)

[Opening Statement of Chairman Peterson](#)

Summary of Committee Votes:

- Rep. Holden, D-Pa. Amendment to the Peterson, D-Minn., substitute amendment — that would prohibit the Agriculture secretary from using the authority provided under any of the bill's provisions to establish an energy labeling system that rates and compares consumers' energy performances. **Agreed to by Voice Vote.**
- Rep. Dahlkemper, D-Pa. Amendment to the Peterson, D-Minn., substitute amendment — that would require the Agriculture secretary to conduct an audit of the energy savings program to ensure that eligible entities are using the funds provided by the secretary as intended by the bill. **Agreed to by Voice Vote.**
- Rep. Marshall, D-Ga. Amendment to the Peterson, D-Minn., substitute amendment — that would restrict consumer loans to individuals whose adjusted gross income is less than three times the poverty level. **Rejected by Roll Call vote: 12-28: R 8-6; D 4-22.**
- Rep. Lummis, R-Wyo. Amendment to the Peterson, D-Minn., substitute amendment — that would remove the authorization of \$1.1 million for each of fiscal 2010 through 2019 to hire 10 additional Rural Utilities Service employees to carry out the program. **Agreed to by Voice Vote.**
- Rep. C. Peterson, D-Minn. Substitute amendment — that would allow loan recipients to receive a special advance from the Agriculture secretary that cannot exceed 4 percent of the loan and must be repaid within 10 years after the advance is made.

It would strike provisions that distribute \$993 million in authorized appropriations as follows:

- \$755 million in budget authority to subsidize a maximum of \$4.9 billion in loans.
- \$25 million for measurement and verification systems.
- \$2 million for training and technical assistance.
- \$200 million for jump-start grants to organizations.

The amendment would require eligible entities to repay loans within 20 years of the date the loan is closed, compared to 10 years from the date that an advance on the loan is made in the bill as introduced.

It would prohibit any advance of loan funds to eligible entities from exceeding 30 percent of the approved loan amount in any single year, as opposed to 50 percent in the bill as introduced.

Within one year of the bill's enactment, the amendment would require the Agriculture secretary to submit a report describing the implementation of the program to the Senate Agriculture, Nutrition and Forestry and the House Agriculture committees.

The substitute amendment would:

- Prohibit the Agriculture secretary from using provisions of the bill to establish a public labeling system that rates and compares consumers' energy performances, or to require public disclosure of an energy performance evaluation or rating developed for any consumer.
- Clarify that the Agriculture secretary and approved entities are not prohibited from aggregating information to rate or compare energy performances of consumers with and without energy efficiency features. The amendment would clarify that they are not prohibited from publishing aggregate data that does not identify individual consumers to determine the program's performance.
- Require the Agriculture secretary to establish a process to compile a directory of energy efficiency auditors used by eligible entities within 60 days of the bill's enactment.
- Clarify that energy efficiency incentives created by other pieces of legislation may be used to reduce the amount of a consumer loan to meet the bill's requirements that the loan does not pose an undue financial burden for the consumer.
- Remove a requirement for eligible entities to be non-governmental and not-for-profit to be eligible to receive funds from the Agriculture secretary to make loans to consumers.
- Define a rural area as any area that is not a city or town with more than 50,000 inhabitants or an urbanized area neighboring such a city or town.

- Amend the title of the bill.

Agreed to (as amended) by Voice Vote.

- **Vote to Report:** Favorably Reported to the Full House (as amended), by **Voice Vote**.

Committee Hearing:

Conservation, Credit, Energy, and Research Subcommittee Hearing, May 12, 2010

- **Panel I:**
 - The Honorable James E. Clyburn, Member of Congress, 6th District of South Carolina
 - The Honorable Ed Whitfield, Member of Congress, 1st District of Kentucky
 - The Honorable Thomas S. P. Perriello, Member of Congress, 5th District of Virginia
- **Panel II:**
 - Ms. Nivin Elgohary, Acting Assistant Administrator, Rural Utilities Services, U.S. Department of Agriculture: [Text of Written Testimony](#)
- **Panel III:**
 - The Honorable Glenn English, CEO, National Rural Electric Cooperative Association: [Text of Written Testimony](#)
 - Mr. Charles Adams, Chief Engineer and Director of Government Affairs, AO Smith Corporation: [Text of Written Testimony](#)
 - Mr. Scott Bates, Corporate Vice President, General Counsel, and Secretary, Rheem Manufacturing Company: [Text of Written Testimony](#)
 - Mr. Paul S. Bony, Director of Residential Market Development, ClimateMaster: [Text of Written Testimony](#)
 - Mr. Jon Cowan, President, Third Way: [Text of Written Testimony](#)

CRS Report:

(TBA)

Administration Position:

(TBA)

Organization Statements:

[House Committee on Agriculture Passes Rural Energy Savings Program Act](#), National Rural Electric Cooperative Association

Fact Sheets & Talking Points:

[How will the Rural Energy Savings Program work?](#), Office of the Majority Whip

[People Affected by the Rural Energy Savings Program](#), Office of the Majority Whip

[Estimated Employment Impacts of Proposed Rural Energy Savings Financing Program](#), Office of the Majority Whip

[Frequently Asked Questions](#), Office of the Majority Whip

Press Releases, News Articles & Related Information:

[Members introduce rural utility loan bill designed to spur energy efficiency efforts](#), The Hill

[House Agriculture Committee Passes Legislation to Encourage Energy Efficiency Projects in Rural Communities](#), House Agriculture Committee

[Rural Energy Savings Program Means Making It In America](#), Office of the Majority Whip

[Rural Energy Savings Program Press Conference Video](#), Office of the Majority Whip

[Bipartisan Bicameral Coalition Introduces Legislation Creating Rural Energy Savings Program](#), Office of the Majority Whip

Other Resources:

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